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No. ——

IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE,

Petitioner,

v.

N.A.A.C.P. LEGAL DEFENSE & EDUCATIONAL FUND, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

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QUESTIONS PRESENTED

1. Whether the decision of this Court in *French Republic* v. *Saratoga Vichy Spring Co.,* 191 U.S. 427 (1903), denying injunctive relief in a trademark infringement case between unrelated parties, applies to a trademark owner who seeks injunctive relief after revoking the permission it previously gave to an affiliated organization to use its service mark.

2. Whether the rule established by this Court in *Menendez* v. *Holt,* 128 U.S. 514 (1888), and *McLean* v. *Fleming,* 96 U.S. 245 (1878), that a laches defense in a trademark infringement suit does not bar prospective injunctive relief, is applicable to the case of a national organization that withdraws the permission it had given to an affiliated organization to use its nationally-recognized service mark.

PARTIES TO THE PROCEEDING

The Petitioner in this action is the National Association for the Advancement of Colored People. Petitioner requests a *writ of certiorari* to the United States Court of Appeals for the District of Columbia Circuit to review the judgment entered in favor of the Respondent, N.A.A.C.P. Legal Defense and Educational Fund, Inc.

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N.A.A.C.P. LEGAL DEFENSE & EDUCATIONAL FUND, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

Petitioner National Association for the Advancement of Colored People respectfully prays that a *writ of certiorari* be issued to review the judgment of the United States Court of Appeals for the District of Columbia Circuit entered in favor of the Respondent, N.A.A.C.P. Legal Defense and Educational Fund, Inc., on January 25, 1985.

OPINIONS BELOW

The January 25, 1985 Opinion of United States Court of Appeals for the District of Columbia Circuit (the "court below") is reported at 753 F.2d 131 (D.C. Cir. 1985) and is reproduced in the Appendix hereto, 1a. The March 28, 1983 Decision and Order of the United States District Court for the District of Columbia (the "district court"), granting Petitioner's motion for summary judgment, is reported at 559 F. Supp. 1337 (D.D.C. 1983) and is reproduced in the Appendix hereto, 23a. The unreported June 6, 1983 Order of the district court, denying Respondent's motion for reconsideration, is reproduced in the Appendix hereto, 39a. The unreported June 6, 1983 Judgment of the district court, which included the terms of a permanent injunction, is reproduced in the Appendix hereto, 40a.

JURISDICTION

The judgment of the court below was entered on January 25, 1985. Appendix, 42a. This petition for *writ of certiorari* was filed April 25, 1985. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

The substantive provision on which Petitioner's claim is based is the Lanham Trademark Act, 15 U.S.C. § 1114, and is reproduced in the Appendix hereto, 44a. Because this case involves application of the common law defense of laches to a trademark claim, neither the decision below nor this petition raise questions of construing that provision of the Lanham Trademark Act.

STATEMENT OF THE CASE

This case involves the respective rights of two independent, but formerly affiliated, civil rights organizations to the mark "NAACP," which both groups have used over the years to identify themselves. The decision of the court below, which overturned a broad permanent injunction that the district court entered to protect the public from confusion that it found likely to continue, conflicts with traditional trademark rules, places a cloud over the right of trademark owners to permit the use of their marks by others, and results in the type of public confusion that the trademark laws were designed to avoid. The decision below appears to be the first and only case to conclude that the permission requested of and given by a trademark owner to an affiliate to use its established service mark does not create a revocable license, and to hold that a laches defense precludes the trademark owner from withdrawing the permission after the owner's relationship with the affiliate changes.[1]

The National Association for the Advancement of Colored People ("NAACP" or the "Association") was founded as a membership organization in 1909. According to its certificate of incorporation, its purposes were:

> to promote equality of rights and eradicate caste or race prejudice among the citizens of the United States; to advance the interests of colored citi-

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[1] There is no dispute that the Association was the first person or organization to use the "NAACP" letters as a mark and that the Association has used the initials continuously from at least 1910 to the present. The mark is registered in the name of the Association in the U.S. Patent and Trademark office.

> zens; to secure for them impartial suffrage; and to increase their opportunities for securing justice in the courts, education for their children, employment according to their ability, and complete equality before the law.

During the NAACP's first 25 years, the Association sought to achieve these goals through educational work, legislative advocacy, and, to a lesser degree, litigation. During the 1930s, as the NAACP increasingly used litigation as a means of effecting change, the NAACP was hindered in its fundraising efforts, largely because the Bureau of Internal Revenue (now the IRS) had ruled that the contributions so badly needed for the NAACP's litigation efforts were not deductible for federal income tax purposes because of the Association's lobbying activities. At the Bureau's suggestion, the NAACP took steps to form a new affiliate, technically separate from its lobbying effort, that could accept tax deductible contributions and handle the Association's litigation caseload.

For three years, the directors and staff of the NAACP planned for the formation of its affiliate, to be known as the "N.A.A.C.P. Legal Defense and Educational Fund, Inc." (the "LDF"). To satisfy a New York State prerequisite for incorporating the new entity, the NAACP Board of Directors (the "Board") on October 9, 1939 passed the following resolution to indicate that the use of the NAACP's mark by the LDF was authorized:

> WHEREAS, [the proposed directors of the LDF] *have requested permission* of the [NAACP] to use the initials, "N.A.A.C.P.", in an application for a Certificate of Incorporation of the "N.A.A.C.P.

Legal Defense and Educational Fund, Inc."; therefore

BE IT RESOLVED, That the Board of Directors of the National Association for the Advancement of Colored People *grant permission for the use of the initials,* "N.A.A.C.P." by the "NAACP Legal Defense and Educational Fund, Inc.", and authorize the President and Secretary to execute whatever papers might be necessary to carry out this resolution. (emphasis supplied).[2]

The incorporation process was completed during 1940, and for many years thereafter, the LDF was held out as and, in fact, functioned as, an integral part of the Association, with common directors, officers, staff, and headquarters. Contributions were allocated either to the Association or to the LDF depending upon the use to be made of them, and contributors were notified accordingly.

After the landmark decision of this Court in *Brown* v. *Board of Education,* 347 U.S. 483 (1954), the NAACP faced intense political pressure from certain state officials, and was warned that the IRS might try once again to limit the NAACP's litigation efforts by withdrawing the LDF's tax-exempt status. In 1957, the NAACP and the LDF rejected the IRS' demand that the LDF stop using the NAACP's initials in its name. However, the two groups did agree to eliminate overlapping membership on their respective boards of

[2] There were no discussions or documentation about the intended scope of the "permission" requested and granted in the resolution. Both the court below and the district court inferred the meaning and legal effect of the term "permission" (although quite differently) from the undisputed facts surrounding the formation of the LDF.

directors, allowing a director to serve on only one of the two boards, but not both. Even following that organizational change, the LDF continued to function as the Association's legal department.

After 1957, the NAACP and the LDF experienced some tension and disagreement about policy issues, and other matters such as the allocation of contributions. Starting in 1961, the two organizations established liaison committees for the purpose of maintaining a continuing dialogue and negotiating differences. The respective liaison committees presented a joint memorandum of understanding and cooperation to the two boards.

After new disagreements arose, the NAACP Board in July 1965 resolved to meet with the LDF once again, this time to discuss whether the LDF would either merge with the NAACP or reincorporate under a new name.[3] After some preliminary communications, liaison committees met again, at least through 1966, to discuss relations between the groups, including use of the initials. Again, however, they reached no final accord on the question.

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[3] At its July 1965 meeting, the NAACP Board passed a resolution that included language that the NAACP should go to court to enforce its rights, if necessary. The Board voted to strike that portion of the resolution at its next meeting because key members felt that it was "impolitic" to have such language on record, even in the Board's internal minutes. Contrary to the opinion of the court below, which purported to rely on some unspecified part of the LDF's oral argument rather than upon any evidence in the record, Appendix 9a, the NAACP did not threaten the LDF with any lawsuit in 1965, or at any other time prior to 1979. In dealing with the unpermitted use of its initials by an unrelated party, the NAACP acted swiftly to obtain injunctive relief. Appendix, 29a n. 1.

In the following years, the NAACP and the LDF continued to maintain close cooperation and contact on a broad variety of matters, including the LDF's handling of litigation for the NAACP. However, there is no evidence that the groups specifically discussed the initials again until 1978. The district court found both that the LDF never agreed to change its name and that the NAACP never said or did anything to mislead the LDF about the NAACP's unwillingness to let the matter of the initials remain unresolved forever. Appendix, 34a.

In December 1978, the NAACP wrote to the LDF to express concern about growing public confusion over the LDF's use of the initials and to renew discussions regarding the LDF's either reuniting with the NAACP or changing its name. Although the LDF immediately responded with a willingness to meet (without indicating in any way that the LDF regarded the question to have been settled at any prior time), liaison committees of the two organizations were unable to resolve their differing positions through early 1979. At the NAACP's annual convention in June 1979, the NAACP Board of Directors voted to rescind the 1939 resolution that had granted permission to the LDF to use the initials and so informed the LDF. That was the first and only time that the NAACP revoked the permission it had given to the LDF in 1939.

Representatives of both organizations continued to discuss the initials until early 1982. When no compromise appeared likely, however, the NAACP reluctantly initiated this action on May 25, 1982. The NAACP's complaint alleged trademark infringement

and unfair competition under the Lanham Trademark Act, with jurisdiction arising under 28 U.S.C. § 1338 and 15 U.S.C. § 1121. The complaint sought only permanent injunctive relief; it contained no request for money damages.

Shortly after the LDF filed its answer, the LDF moved for summary judgment on the ground that the requested injunctive relief was barred by a cluster of equitable defenses, including laches. The NAACP opposed the LDF's motion and filed its own motion for summary judgment. After reviewing exhaustive documentary evidence and hearing oral argument on the cross-motions, the district court, on March 28, 1983, held that (1) there was no dispute as to the material facts; (2) by its 1939 resolution, the NAACP had intended to give the LDF only a revocable license, rather than an irrevocable assignment; (3) the equitable defenses of laches and acquiescence did not bar the NAACP's request for prospective injunctive relief; (4) the NAACP had established a likelihood that past confusion would continue in the future; and (5) a balancing of the equities clearly favored the NAACP. Accordingly, the district court granted the NAACP's motion for summary judgment and denied the LDF's motion for summary judgment.

On June 6, 1983, the district court denied the LDF's motion for reconsideration and issued an injunction barring the LDF from using the "NAACP" mark in its name or promotional literature. However, the Judgment granted the LDF a two-year transition period during which it could adopt and publicize a new name and logo. Appendix, 39a-41a.

On January 25, 1985, the court below reversed the judgment of the district court and remanded with directions that the suit be dismissed. Appendix, 1a. Contrary to the district court's findings, the court below concluded that the NAACP's original grant of permission to the LDF in 1939 did not constitute a revocable license. The court below reasoned that the NAACP had not used the term "revocable license" and had not received any consideration for a license. Appendix, 21a. The court below also held that the NAACP's 1979 resolution revoking the permission of the LDF to use the "NAACP" mark could not be enforced because the NAACP was guilty of laches for failing to assert its exclusive right to the initials between 1966 and 1978. Appendix, 16a-19a. This petition timely followed.

REASONS FOR GRANTING THE WRIT

I. By Finding That The NAACP Had Not Granted A Revocable License When It Gave Permission To The LDF To Use Its Mark, The Court Below Contradicted Established Law And Created Great Uncertainty About The Trademark Rights Of Related Parties

Until this case, virtually every court decision that weighed the trademark rights of related organizations had characterized the grant of permission by a trademark owner to use its mark as a license. The decision of the court below is erroneous and needs to be corrected to avoid serious uncertainty in the important area of trademark licensing.

Many licenses, of course, are spelled out in formal agreements. But even when no written instrument

states the rights of the parties or specifically defines the terms of the permission granted, courts imply "some type of license" from the relationship itself. *United States Jaycees* v. *Philadelphia Jaycees,* 639 F.2d 134, 139-140 n. 7 (3d Cir. 1981); *Int'l Union, U.M.W.* v. *District 50, U.M.W.,* 298 F. Supp. 1262 (D.D.C. 1969), *vacated in part as moot,* 435 F.2d 421 (D.C. Cir. 1970), *cert. denied,* 402 U.S. 906 (1971).

The decisions are not limited to charitable or non-profit organizations. In a commercial setting, as well, a revocable license routinely is inferred from a course of dealing, even if the parties did not use the term "license" in their writings. *See Professional Golfers Ass'n* v. *Bankers Life & Casualty Co.,* 514 F.2d 665, 669 (5th Cir. 1975); *Tisch Hotels, Inc.* v. *Atlanta Americana Motor Hotel Corp.,* 254 F. Supp. 743, 750 (N.D. Ga. 1966).

The policy underlying these decisions is to preserve the important right of a trademark owner to be able to give permission to use its mark without surrendering the right to reclaim exclusive control over its mark at a later date. A trademark owner is free to negotiate an irrevocable assignment, *see Coca-Cola Bottling Co.* v. *Coca-Cola Co.,* 269 F. 796 (D. Del. 1920), but until this case, courts have not inferred an irrevocable grant of authority except where there is clear evidence of the owner's intent to make an assignment.

Concomitantly, a party that uses a valuable mark with the owner's permission cannot later claim to have established secondary meaning or other rights in the

mark during the period of the permission.[4] It would "destroy the entire concept of a license" if the licensee could claim that goodwill or other benefits gained through permitted use somehow bars the trademark owner's later termination of the license or revocation of the permission. *Philadelphia Jaycees,* 639 F.2d at 142-43.

On undisputed facts, the district court looked at the circumstances of the relationship between the NAACP and the LDF circa 1939, the language used by the parties, and the purpose of the NAACP in granting the permission and held that the 1939 resolution was intended to be a revocable license to use the initials; not an irrevocable assignment of them. Appendix, 32a-34a. By contrast, the court below ignored the district court's findings and the unbroken line of cases that have found implied licenses. Based in large part upon the failure of the NAACP to make a contract explicitly indicating revocability, the court below found that even the 1939 license conveyed a permanent right to the LDF. Appendix, 21a.[5]

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[4] *See Philadelphia Jaycees,* 639 F.2d 134; *United States Jaycees* v. *San Francisco Jr. Chamber of Commerce,* 513 F.2d 1226 (9th Cir. 1975); *Purcell* v. *Summers,* 145 F.2d 979 (4th Cir. 1944); *Grand Lodge Improved, Benevolent and Protective Order of Elks of the World* v. *Eureka Lodge No. 5, Indep. Elks,* 114 F.2d 46 (4th Cir.), *cert. denied,* 311 U.S. 709 (1940); *Talbot* v. *Indep. Order of Owls,* 220 F. 660 (8th Cir. 1915); *Council of Better Business Bureaus, Inc.* v. *Better Business Bureau of So. Florida,* 200 U.S.P.Q. 282 (S.D. Fla. 1978); *Nat'l Bd. of YWCA* v. *YWCA of Charleston,* 335 F. Supp. 615 (D.S.C. 1971).

[5] If the court below was correct in its characterization of the permission originally granted in 1939, the doctrine of laches would not come into play in this case, because the irrevocable assignment

[footnote continues on next page]

The decision of the court below is in conflict with virtually every reported decision about the nature of the right of an entity that uses a trademark with the owner's permission. The decision creates great uncertainty regarding the ability of a trademark owner to permit use of, and still maintain exclusive control of, his mark. As Petitioner now shows, the decision raises serious questions about the applicability of the common law defense of laches in cases between related parties. Because of those results, it is important that this Court review and reverse the decision of the court below.

II. In Upholding A Defense Of Laches To Bar Prospective Injunctive Relief, The Court Below Misapplied Decisions Of This Court That Govern The Trademark Rights Of The NAACP And The LDF

For almost a century, the lower federal courts have followed two decisions of this Court that have established the general rule that a laches defense to a trademark infringement claim will not bar prospective injunctive relief, even if it will bar a claim for money damages. *Menendez* v. *Holt,* 128 U.S. 514 (1888);

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would have precluded the NAACP's moving to reclaim exclusive right in the mark at any time after 1939, whether there was a delay or not. See *Coca-Cola Bottling Co.,* 269 F. 796. Moreover, there would have been no reason for the NAACP to participate in the 1957 decision regarding the IRS, or to appoint at least three committees to negotiate with the LDF between 1961 and 1979. Courts regard such continuing negotiations as strong evidence of a license rather than an assignment. *See Edwin K. Williams & Co., Inc.* v. *Edwin K. Williams & Co.—East,* 542 F.2d 1053, 1059 (9th Cir. 1976), *cert. denied,* 433 U.S. 908 (1977).

McLean v. *Fleming*, 96 U.S. 245 (1878). As this Court held in *Menendez:*

> Where consent by the owner to the use of his trademark by another is to be inferred from his knowledge and silence merely, "it lasts no longer than the silence from which it springs; it is, in reality, no more than a revocable license."

Menendez, 128 U.S. at 523-24 (citations omitted).

Particularly where the infringer's use of the mark began with the owner's consent, Petitioner has found no case (other than the decision below) that has denied injunctive relief after the permission later was revoked. To reach its result, the court below had to ignore the entire line of trademark cases between related parties upon which the district court relied. Instead, the court below purported to ground its decision on rulings of this Court in which the parties had no previous association in charitable, civic, or commercial matters. To be sure, this Court has denied prospective injunctive relief in trademark disputes involving non-profit organizations as well as commercial entities. *Ancient Egyptian Arabic Order of Nobles of the Mystic Shrine* v. *Michaux*, 279 U.S. 737 (1929); *Creswill* v. *Grand Lodge Knights of Pythias of Georgia*, 225 U.S. 246 (1912); *French Republic* v. *Saratoga Vichy Spring Co.*, 191 U.S. 427 (1903). In all three of those cases, however, not only was there no prior affiliation or grant of permission between the parties, but the facts made clear that (unlike the pending case) there was no real likelihood of public confusion.[6]

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[6] This Court also grounded the *Creswill* decision on the fact that

[footnote continues on next page]

The Second and Third Circuits occasionally deny injunctive relief based upon a laches defense, but only where the owner of a mark took some affirmative step to abandon the mark or to mislead the defendant about its continuing right to use the mark.[7] *See Saratoga Vichy Spring Co., Inc.* v. *Lehman,* 625 F.2d 1037, 1042 (2d Cir. 1980); *Anheuser-Busch* v. *DuBois Brewing Co.,* 175 F.2d 370, 374 (3d Cir. 1949), *cert. denied,* 339 U.S. 934 (1950); *Dwinell-Wright Co.* v. *White House Milk Co.,* 132 F.2d 822, 825 (2d Cir. 1943). However, in the absence of misleading affirmative conduct, even those two Circuits follow the general rule of *Menendez* and grant prospective injunctive relief. *E.g., Philadelphia Jaycees,* 639 F.2d 134; *Grotrian, Helfferich, Schulz Th. Steinweg Nachf.* v. *Steinway & Sons,* 523 F.2d 1331, 1334 (2d Cir. 1975) (damages barred by delay; injunction approved).

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the defendant was unaware of its infringement. Where a party knows it has been using the mark of another party, this Court applies the general rule. *Hanover Star Milling Co.* v. *Metcalf,* 240 U.S. 403, 419 (1916); *see also Tisch Hotels, Inc.* v. *Americana Inc.,* 350 F.2d 609, 615 (7th Cir. 1965); *Indep. Nail & Packing Co., Inc.* v. *Stronghold Screw Products, Inc.,* 205 F.2d 921 (7th Cir.), *cert. denied,* 346 U.S. 886 (1953); *Nat'l Circle, Daughters of Isabella* v. *Nat'l Order of Daughters of Isabella,* 270 F. 723 (2d Cir.), *cert. denied,* 255 U.S. 571 (1920).

[7] The facts that are held to establish a laches defense in the Second and Third Circuits likely would be regarded as establishing an "acquiescence" defense in other Circuits. In this case, the district court found that the NAACP never misled the LDF about the Association's unwillingness to give up exclusive control of the NAACP mark. Appendix, 34a-35a. Moreover, when the NAACP mark was used by an unrelated third party without permission, the NAACP took quick action to obtain a court order to protect its mark. Appendix, 29a.

Because the court below is the first court both to conclude that a trademark owner's permission to a related party to use the owner's trademark did not create an implied revocable license, and to deny injunctive relief after the owner later revoked the permission, it is important for this Court to clarify the application of *Menendez* and *Saratoga Vichy* to trademark disputes between related parties. In particular, the three-element test for laches applied by the court below, Appendix, 14a, makes little sense in an infringement case involving related parties.

First, cases involving related parties typically involve long periods of use by a defendant, because the permission to use a mark may last years, even decades, before the owner has reason to cancel the permission.[8] Second, the trademark owner will be aware of the use of its mark, having given permission to the user.[9] Third, a related party presumably benefits from the permitted use of an established and widely recognized mark, but that party cannot establish secondary meaning or other rights in the mark while the permission continues.[10] The decision of the court below places a cloud over any trademark owner that now licenses or

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[8] *E.g.*, *Philadelphia Jaycees*, 639 F.2d 134 (about 35 years); *San Francisco Jr. Chamber of Commerce*, 513 F.2d 1226 (more than 40 years); *District 50, U.M.W.*, 298 F. Supp. 1262 (more than 25 years before gradual separation).

[9] *Tisch Hotels, Inc.*, 254 F. Supp. at 750 (permission does not result in abandonment or loss of rights). If the NAACP's grant of permission to the LDF in 1939 created a revocable license, the laches defense should not come into play in this case, because the permission continued until 1979. *See also*, note 5, *supra*.

[10] *See* note 4, *supra*.

permits use of a mark, or who may want to do so in the future.

Lost in the decision of the court below, but critical to the district court opinion, is the recognition that the purpose of the Lanham Act is not to protect infringers, but to protect the public from confusion. *See Philadelphia Jaycees,* 639 F.2d at 142. The confusion that is likely to follow the separation of related parties is "too clear for discussion." *Indep. Order of Owls,* 220 F. at 662; *see also Purcell* v. *Summers,* 145 F.2d at 983. Notwithstanding the district court's clear findings that past instances of public confusion between the NAACP and the LDF were likely to continue in the future, Appendix 36a, the decision of the court below will permit public confusion to continue in perpetuity, as it might in any case involving related parties.[11] *See San Francisco Jr. Chamber of Commerce,* 354 F. Supp. at 77 (risk of confusion particularly great if names of parties do not change after relationship ends).

Menendez and *Saratoga Vichy,* although old, remain important precedents of this Court which define the rights of parties to trademark disputes and which protect the public from confusion. Because the court below acted so inconsistently with other courts that have applied those cases and in a manner that threatens the rights of trademark owners and licensors, this Court should confirm how the laches and acquiescence defenses described in *Menendez* and *Saratoga Vichy*

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[11] Because the court below decided that laches barred relief in this case, it did not review the confusion issue. Appendix, 13a n. 55.

are to be applied to trademark disputes between parties who are related by history or agreement. Full review and reversal by this Court is warranted.

CONCLUSION

For these reasons, the petition for *writ of certiorari* should be granted.

Respectfully submitted,

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APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS, DISTRICT OF COLUMBIA CIRCUIT.

No. 83-1719.

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE, aka NAACP

v.

N.A.A.C.P. LEGAL DEFENSE & EDUCATIONAL FUND, INC., Appellant.

Argued May 3, 1984.

Decided Jan. 25, 1985.

As Amended Feb. 26, 1985.

OPINION

Civil rights organization brought action against legal defense fund, its former affiliate, seeking an injunction preventing the fund from using the initials of the organization as part of its title. The United States District Court for the District of Columbia, 559 F.Supp. 1337, entered summary judgment in favor of organization, and fund appealed. The Court of Appeals, Bazelon, Senior Circuit Judge, held that doctrine of laches barred suit where organization delayed nearly 13 years before resuming negotiations over fund's use of initials in its title.

Reversed and remanded with instructions to dismiss.

Appeal from the United States District Court for the District of Columbia (Civil Action No. 82-01424).

Jay Topkis, New York City, of the Bar of the United States Supreme Court, pro hac vice, by special leave of the Court and William T. Coleman, Jr., Washington, D.C., with

whom Vernon E. Jordan, Jr., Daniel Joseph, Randall L. Sarosdy and Barrington D. Parker, Jr., Washington, D.C., were on the brief, for appellant. Sidney S. Rosdeitcher, Washington, D.C., also entered an appearance for appellant.

Edward W. Brooke, Washington, D.C., with whom Barry J. Cutler and Judith Hall Howard, Washington, D.C., were on the brief, for appellee.

Before MIKVA and BORK, Circuit Judges, and BAZELON, Senior Circuit Judge.

Opinion for the Court filed by Senior Circuit Judge BAZELON.

BAZELON, Senior Circuit Judge:

Two civil rights organizations contend for the right to use the initials "NAACP" as their trademark. The National Association for the Advancement of Colored People (the Association) alleges that the continued use of the NAACP initials by the NAACP Legal Defense and Education Fund, Inc. (the LDF) constitutes a trademark infringement.[1] The LDF replies that the Association irrevocably granted it the right to use the initials. The LDF also maintains, *inter alia,* that the Association's suit is barred by laches. In the district court, both sides moved for summary judgment.[2] The court granted the Association's motion and ordered the LDF to refrain from using the NAACP initials. Because the district court erred in denying the LDF's defense of laches, its judgment is reversed.

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[1] Trademark Act of 1946 ("Lanham Act") As Amended, 15 U.S.C. §§ 1114, 1125 (1982).

[2] The two parties "agreed that the passage of time has rendered further illumination of the facts . . . both unlikely and unnecessary." *NAACP v. NAACP Legal Defense and Educ. Fund, Inc.,* 559 F.Supp. 1337, 1339 (D.D.C. 1983).

I. Background

The material facts are undisputed.[3] The Association, known as "the NAACP," was founded in 1909,[4] and listed among its goals:

> to promote equality of rights and eradicate caste or race prejudice among the citizens of the United States; to advance the interests of colored citizens; to secure for them impartial suffrage; and to increase their opportunities for securing justice in the courts, education for their children, employment according to their ability, and complete equality before the law.[5]

The Association has sought to achieve its goals through educational work, legislative activity, and litigation.[6]

As early as 1936,[7] the Association's Board of Directors voted to organize a national defense fund to raise money

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[3] *See id.* The district court noted that the parties' "differences [regarding the facts] are principally semantic." *Id.*

[4] The Association was incorporated in New York in 1911. NAACP Certificate of Incorporation, Appellee's Exhibit 1 at 3 [hereinafter cited by Exh. and page].

[5] *Id.*, Exh. 1 at 1-7.

[6] The Association is a membership organization. NAACP 1981 ANNUAL REPORT, Exh. 2 at 9-10.

[7] For the first two decades, the Association's legal program brought cases on an *ad hoc* basis in an effort to address issues important to the Association's aims. Unpaid legal volunteers often performed these legal services, and any modest litigation expenses were paid by the Association's National Office or by direct contributions for the particular case. During the 1930's, however, the Association expanded its litigation program, targeting key areas of racial discrimination, including education, voting, housing, and the administration of criminal justice. *Report on the NAACP Legal Program and the Relationship of the Inc. Fund to that Program* (Dec. 21, 1961), Exh. 4 at 15.

for its litigation program.[8] Besides serving as a means to ensure on-going financing of civil rights litigation, the creation of the LDF provided an important tax advantage.[9] The Bureau of Internal Revenue had ruled that contributions to the Association were not deductible for federal income tax purposes because of the Association's lobbying work. Hence, the creation of a separate organization to perform the Association's legal work allowed contributors wishing to support its nonpolitical activities to receive tax deductions.[10]

The Association's Board of Directors was informed by the New York Secretary of State that a certificate of incorporation could be processed only if the new corporation obtained "consent" from the Association to the use of the NAACP initials.[11] The Association's Board of Directors then passed the following resolution on October 9, 1939:

> BE IT RESOLVED, That the Board of Directors of the National Association for the Advancement of Colored People *grant permission for the use of the initials,* "N.A.A.C.P." by the "N.A.A.C.P. Legal Defense and Education Fund, Inc." and authorize the President and Secretary to execute whatever papers might be necessary to carry out this resolution.[12]

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[8] *See* Minutes of the Association's Board of Directors Meeting (Apr. 13, 1936), Exh. 6 at 24.

[9] Appellee's Brief at 8.

[10] *Id.*

[11] H. Herman Zand Affidavit (Apr. 8, 1983), ¶ 4.

[12] Minutes of the Association's Board of Directors Meeting (Oct. 9, 1939), Exh. 14 at 39 (emphasis added).

The State of New York approved the incorporation of the LDF in 1940.[13]

From 1940 to 1957, the LDF served as a subsidiary of the Association. Although funds were kept in separate accounts, all the LDF's first directors were members of the Association's board.[14] The Association solicited contributors by explaining that they could help the Association by making tax-deductible contributions to the LDF.[15] Apparently some gifts contributed directly to the Association were placed in the LDF fund, and the contributor was then notified that his contribution was deductible for federal income tax purposes.[16] The allocation of contributions between the LDF and the Association was not based upon who made the solicitation, but upon the purpose for which the money was used—so funds used for lobbying could only go to the Association, while funds used for litigation would go to the LDF.[17]

During this initial period, the LDF was under its progenitor's direct control. The two organizations had common directors, offices, and staff.[18] Throughout the 1940's and

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[13] *See* LDF's Certificate of Incorporation, Exh. 19 at 46; James M. Nabrit, III, Affidavit (Apr. 13, 1983); *see also* Appellant's Brief at 6.

[14] *See* Memorandum from Thurgood Marshall to Walter White and Arthur B. Springarn (July 27, 1939), Exh. 17 at 42-43.

[15] *See, e.g.*, letter from John D. Rockefeller III (by his assistant Mary Campbell) to Walter White (May 7, 1940), Exh. 25 at 60.

[16] *See, e.g.*, letter from Walter White to Margaret and Corliss Lamont (May 15, 1941), Exh. 27 at 62.

[17] *See* Memorandum from Walter White to Edward Dudley (June 6, 1945), Exh. 42 at 78.

[18] Appellant's Brief at 7. From 1940 to 1957, the LDF became increasingly independent. In 1941, the LDF began its own fund-

into the 1950's, the LDF was guided by the Association's National Office's policy decisions regarding the handling of litigation. In particular cases, the Association's Board of Directors' approval was sought before proceeding.[19] The LDF, as the legal branch of the Association, routinely handled general legal matters of the Association.

In 1957, however, the LDF and the Association mutually agreed to the LDF's independence. A gradual shift in that direction had suddenly been accelerated by external forces. The U.S. Treasury Department and several Southern state officials challenged the LDF's tax-exempt status.[20] The Southern state officials claimed that the LDF had too close a relationship with the Association, which was engaged in lobbying and political activities.[21] The U.S. Treasury Department objected to the sharing of board members and the NAACP initials.[22] In response, the Association and

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raising, and its board did include some members who were not directors of the Association. The Fund moved into its own offices in 1952. By 1953, the LDF had its own separate annual budget. *See* Appellant's Brief at 7.

[19] *See, e.g.*, Minutes of the LDF's Board of Directors Executive Committee Meeting (Oct. 8, 1951), Exh. 47 at 83-84.

[20] *See* LDF Press Release, *Facts About the Relationship Between the N.A.A.C.P. Legal Defense and Educational Fund, Inc. (LDF) and the National Association for the Advancement of Colored People (NAACP)* (Apr. 16, 1979), Exh. 51 at 100. In a hostile reaction to *Brown v. Board of Education*, 347 U.S. 483, 74 S.Ct. 686, 98 L.Ed. 873 (1954), several Southern attorney generals ordered production of the Association's records and membership lists seeking to find any information of non-compliance with state law. *See* Appellee's Brief at 19.

[21] *See* Exh. 51, *supra* note 20.

[22] John Hammond Affidavit (Apr. 8, 1983), ¶ 3; *see also* Appellant's Brief at 8.

LDF decided that the LDF should retain its NAACP initials but should sever all direct connections with the Association.[23] On May 16, 1957, the LDF's board adopted a resolution that "no person should be a Board member, officer or employee of this corporation who is also a Board member, officer or employee of the N.A.A.C.P."[24]

The board, budget, staff, and program of both organizations were completely separated.[25] The LDF now came under the direct control of its own board of directors. Since 1957, the LDF has spent over eleven million dollars soliciting contributions using the NAACP initials.[26] The LDF continued to function as the Association's outside counsel, and coordinated its efforts with those of the Association in cases directly involving the Association's branches and individual members.[27] However, the LDF also sought other clients who had no connection with the Association.[28]

The independence of the LDF from the Association was reported to the Treasury Department which never again challenged the LDF's tax-exempt status.[29] Donations occasionally made to the wrong organization were forwarded to the intended beneficiary. Contributors were instructed

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[23] Hammond Affidavit, *supra* note 22.

[24] *See* Appellant's Brief at 8; Appellee's Brief at 20.

[25] *See* Exh. 51, *supra* note 20, at 93.

[26] Nabrit Affidavit, *supra* note 13, ¶ 3.

[27] *See* Appellant's Brief at 7.

[28] These clients included Dr. Martin Luther King, thousands of freedom marchers, and thousands of victims of discrimination in education, in employment, and in the application of capital punishment laws. Jack Greenberg Affidavit (Apr. 11, 1983), ¶ 7.

[29] *See* Appellant's Brief at 8; *see also* Houck, *With Charity for All*, 93 YALE L.J. 1415, 1440-41 (1984).

about the tax deductibility of their donations,[30] as well as advised about the total separateness of the two organizations.[31]

Because such scrupulous organizational separation precluded "direct and formal control of the Inc. Fund [LDF] by the NAACP Board,"[32] cooperation between the two parties relied upon personal ties and common policy interests. But by the 1960's, however, tensions between the two organizations became evident,[33] despite the formation of several liaison committees established between 1960-62 and 1965-66.[34] These strained relations resulted from a heightening of direct competition in fund-raising.[35] There was

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[30] *See* Letter from Kivie Kaplan to Thurgood Marshall (June 15, 1961), Exh. 82 at 156; Letter from Kivie Kaplan to Thurgood Marshall (Feb. 20, 1961), Exh. 83 at 157; Letter from Roy Wilkins to N.L. McMahon (Sept. 22, 1961), Exh. 84 at 158.

[31] *See, e.g.*, Letter from John Morsell to Anne Gerber (Nov. 17, 1966), Exh. 99 at 197. The single issue that the parties are "unwilling to concede as being presented upon altogether undisputed facts is the extent of public confusion of the two organizations." 559 F.Supp. at 1344. However, this factual disagreement is not *material* to the ultimate outcome of this case, which we base upon the defendant's laches defense.

[32] *Report of the Liaison Committee with Inc. Fund Board* (Apr. 6, 1982), Exh. 90 at 171; *see also* Appellee's Brief, at 26.

[33] *See* 559 F.Supp. at 1340.

[34] Minutes of the Association's Board of Directors Meeting (Apr. 9, 1962), Exh. 91 at 180; *see also* Appellee's Brief at 23-32.

[35] In 1965, the Association became a direct competitor with the LDF for tax-exempt contributions when it established the "NAACP Special Contribution Fund." *See* Minutes of the Association's Board of Directors Meeting (Jan. 6, 1964), Exh. 105 at 206. The LDF's traditional reliance on large corporate and foundation grants was correspondingly broadened to include small-gift contributions. *See* Appellee's Brief at 29-30.

also a dispute over who should take public credit for successful civil rights litigation.[36] Although both organizations publicly attempted to deemphasize any explicit competition,[37] the tensions between them continued to heighten.[38]

In July 1965, the Association's Board adopted a resolution[39]:

> it was VOTED that the Inc. Fund [the LDF] be approached by the Chairman of the Board, the Executive Director, the Treasury, and the Chairman of the Special Contribution Fund for the purpose of requesting the Inc. Fund to voluntarily reincorporate under a name that does not include NAACP; or to bring the Inc. Fund back into Special Contribution Fund status; and, *if they refuse to do so, the NAACP should go into court and enjoin them from use of the name NAACP.*[40]

The Association's Executive Director orally conveyed this request and threat of suit to the Director of the LDF, who rejected the demand.[41] At the Association's September 12, 1965 meeting, the Association's Board formally withdrew the language of its resolution threatening suit.

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[36] Each made accusations that the media was being manipulated by the other in assigning historical credit for civil rights advances that the organizations should have shared. *See* Appellee's Brief at 26-27.

[37] *See, e.g.*, Letter from John Morsell to L.H. Grunebaum (Aug. 11, 1967), Exh. 104 at 204; Letter from Percy Julian to Kivie Kaplan (May 13, 1967), Exh. 106 at 209.

[38] *See* Appellee's Brief at 31.

[39] Minutes of the Association's Board of Directors Meeting (July 2, 1965), Exh. 93 at 186.

[40] *Id.* (emphasis added).

[41] Jack Greenberg Affidavit (Dec. 7, 1982), ¶¶ 3, 4. This dialogue was further explicated during oral argument.

> The Executive Director reported that the Legal Committee has suggested that a phrase in the July 2, 1965, minutes [page 4], to wit: "and, if they refuse to do so, the NAACP should go into court and enjoin them from use of the name NAACP," be stricken from the minutes . . . . [B]ecause of the feeling of the Legal Committee that it was impolitic to have such a phrase on record and, additionally, that it would have no standing in court, it was voted unanimously, on motion by Mr. Alexander, duly seconded, that the phrase be stricken from the minutes . . . .[42]

Thereupon, the Association's Executive Director told the Director of the LDF that the threatening language had been withdrawn.[43] On February 24, 1966, representatives of both sides met to discuss their relationship. It was suggested again that the LDF change its name but the LDF declined.[44]

During the next twelve years, from 1966 through 1978, the Association remained silent concerning the LDF's use of the NAACP initials.[45] The Association did not give clear notice to the LDF about reserving its exclusive claim to the NAACP initials. There were no negotiations. Cooperative interchanges between the LDF and the Association's attorneys waned.[46] The Association itself indicated that during this time, the LDF "pursued an independent course of action . . . without consultation with the NAACP as to

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[42] *Id.*, Exh. B.

[43] *Id.*, ¶ 5.

[44] *See* letter from Julius Chambers to Margaret Wilson and Benjamin Hooks (Jan. 5, 1979), Exh. 142 at 262.

[45] 559 F.Supp. at 1341; *see* Appellant's Brief at 10.

[46] *See* letter from Julius Chambers to Margaret Wilson (May 29, 1980), Exh. 159 at 293. The Association had its own staff attorneys.

either policy or program."[47] At least since 1966, the LDF has included a disclaimer on its stationery disavowing any present relationship with the Association.[48] During this period of no negotiations, the LDF continued to build up its goodwill—indeed, these were the salad days for the LDF's litigation practice.[49] The LDF continued to spend time and millions of dollars in soliciting gifts and recruiting legal talent using the NAACP initials.[50] Many public interest groups now use the term "legal defense fund" in emulation of the LDF's success.[51]

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[47] Emergency Resolution Calling for the Withdrawal and Revocation of Permission To Use the NAACP Initials by the NAACP Legal Defense and Educational Fund, Inc. (June 25, 1979), Exh. 153 at 282; *see also* Exh. 4 *supra* note 7, at 18-19.

[48] 559 F.Supp. at 1343; Appellant's Brief at 11. The language currently employed is:

> The NAACP LEGAL DEFENSE & EDUCATIONAL FUND is not part of the National Association for the Advancement of Colored People although it was founded by it and shares its commitment to equal rights. LDF has had for over 25 years a separate Board, program, staff, office and budget.

Appellant's Brief at 11.

[49] *See, e.g., Bernard v. Gulf Oil Co.*, 619 F.2d 459, 470 (5th Cir. 1980) (en banc), *aff'd*, 452 U.S. 89, 100 S.Ct. 2193, 68 L.Ed.2d 693 (1981); *Northcross v. Board of Educ.*, 611 F.2d 624, 637 (6th Cir. 1979), *cert. denied*, 447 U.S. 911, 100 S.Ct. 2999, 3000, 64 L.Ed.2d 862 (1980). We were informed during oral argument that 1300 cases have been brought under the LDF's name, using the NAACP initials. The district court indicated that "[t]he universal esteem in which the initials are held is due in significant measure to its distinguished record as a civil rights litigator." 559 F.Supp at 1345.

[50] Appellant's Brief at 12.

[51] At least thirteen such organizations exist. *See* Appellant's Brief at 12.

Negotiations were initialed by a letter from the Association to the LDF on December 29, 1978. The correspondence indicated concern about confusion stemming from LDF's use of the NAACP initials.[52] On June 28, 1979, the Association's board adopted a resolution that rescinded the resolution of October 9, 1939 and revoked permission to use the NAACP initials. The Association registered the NAACP initials with the Patent and Trademark Office on January 26, 1982. On May 25, 1982, the Association initiated this suit.[53]

The Association alleged that its 1939 resolution granted only a revocable license for use of the NAACP initials, and that the LDF's continued use of the initials constituted a trademark infringement. In response the LDF maintained that the 1939 resolution was an irrevocable grant, and that estoppel, acquiescence, and laches prevent the Association from belatedly asserting its claim. After a period of discovery, the parties made cross-motions for summary judgment.

The district court noted that the parties "agreed that the passage of time has rendered further illumination of the facts (upon which their differences are principally semantic) both unlikely and unnecessary."[54] The court held that: (1) the 1939 resolution was intended as a revocable license to use the NAACP initials; (2) the Association did not lose exclusive control of its initials by acquiescence, estoppel, or laches; and (3) the potential for future public confusion between these two parties as a result of the shared trademark was substantial. The district court thus granted the Association's motion for summary judgment. The court ordered that an injunction banning the LDF's

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[52] 559 F.Supp. at 1341.

[53] *Id.*

[54] *Id.* at 1339.

use of the NAACP initials would issue upon exhaustion of appeals. It also prohibited the LDF from referring to their former affiliation with the Association two years following this initial injunction. But because we find that the Association's suit is barred by laches, the district court's judgment is reversed.[55]

II. The Laches Defense

The doctrine of laches[56] bars relief to those who delay the assertion of their claims for an unreasonable time. Laches is founded on the notion that equity aids the vigilant and not those who slumber on their rights. Several aims are served by requiring the reasonable diligence of plaintiffs in pursuing their legal rights. Plaintiffs are encouraged to file suits when courts are in the best position to resolve disputes. As claims become increasingly stale, pertinent evidence becomes lost; equitable boundaries blur as defendants invest capital and labor into their claimed property;[57] and plaintiffs gain the unfair advantage of hindsight, while defendants suffer the disadvantage of an uncertain future outcome.

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[55] In so doing, we need not decide whether summary judgment was appropriate in denying the defendant's other independent defenses. Nor do we reach the controversies involving the amount of public confusion and the validity of the district court's remedy.

[56] *See* Trademark Act of 1946 As Amended, 15 U.S.C. § 1069 (1982) (principles of laches may be applied by federal courts).

[57] Non-profit organizations must heavily rely on their accumulated goodwill. This is due to "contract-failure": services provided by non-profits are often not immediately verifiable to their contributors. *See* Hansmann, *The Role of Non-profit Enterprise*, 89 YALE L.J. 835, 843-45 (1980). Here goodwill is tied to a trademark that defines property lines. Contributors identify particular non-profit organizations by the goodwill built around their trademarks.

Here almost thirteen years passed from 1966 through 1978 during which this case was ripe for judgment. Laches may not have been applicable if the Association had pursued negotiations during this time rather than going directly to court.[58] Understandably these two civil rights organizations were reluctant to air publicly a fight among brothers and sisters. But legal precedent requires that this well-meaning motive be objectively evidenced by on-going negotiation to excuse a stale claim.[59] The Association fails to offer reasons why negotiations were not possible.

A. The Doctrine

The essential elements of laches are well-defined by common law. There are three affirmative requirements: (1) a substantial delay by a plaintiff prior to filing suit; (2) a plaintiff's awareness that the disputed trademark was being infringed; and (3) a reliance interest resulting from the defendant's continued development of good-will during this period of delay.[60] Courts also look for factors that may negate the invocation of laches by excusing the delay:

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[58] The record, as described by the district court, plainly indicates the total lack of negotiations during this time frame. 559 F.Supp. at 1341. Nor does the Association challenge this factual finding.

[59] In some instances, courts excuse delay if there were on-going negotiations. *See infra* p. 139. On the other hand, there are no court cases excusing twelve years of delay based purely on the motive, however well-meaning, of wishing to avoid the disadvantages of filing suit. Laches is not like the defenses of acquiescence or abandonment that may require evidence of an intent to abandon. 4 R. CALLMAN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 22.21, at 110 (1983).

[60] *See Saratoga Vichy Spring Co., Inc. v. Lehman*, 625 F.2d 1037, 1040 (2d Cir. 1980); R. CALLMAN, *supra* note 59.

(1) ongoing negotiations;[61] and (2) conscious fraud or bad faith by the defendant.[62]

Laches may bar injunctive relief when the defendant has established a substantial reliance interest.[63] The district court failed to recognize this principle.[64] It is true that "mere delay" by itself does not bar injunctive relief if the defendant did not invest resources that contribute to a trademark's future value.[65] But injunctive relief may be appropriately barred when the defendant invested substantial labor and capital that builds the trademark's goodwill.[66] This future property interest, resulting from reliance during the plaintiff's negligent delay, therefore prevents the enjoining of the defendant's continued use of the trademark.

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[61] *See infra* p. 139.

[62] *See, e.g., Cuban Cigar Brands v. Upmann Int'l, Inc.*, 457 F. Supp. 1090, 1098-99 (S.D.N.Y. 1978).

[63] *See French Republic v. Saratoga Vichy Spring Co.*, 191 U.S. 427, 24 S.Ct. 145, 48 L.Ed. 247 (1903); *Saratoga Vichy Spring Co., Inc. v. Lehman*, 625 F.2d 1037, 1041 (2d Cir. 1980).

[64] The district court stated that laches rarely bars injunctive relief. 559 F.Supp. at 1344. But the very sources cited by the district court recognize the importance of a defendant's reliance interest. *See, e.g., Menendez v. Holt*, 128 U.S. 514, 524, 9 S.Ct. 143, 145, 32 L.Ed. 526 (1888) (no denial of injunction because no action done in reliance); R. CALLMAN, *supra* note 59 § 22.21, at 110 (mere delay without the defendant's reliance does not disentitle plaintiff to injunction). Furthermore, the Supreme Court, in later opinions, explicitly made laches available as an equitable defense barring injunctive relief. *See, e.g., French Republic v. Saratoga Vichy Spring Co.*, 191 U.S. 427, 24 S.Ct. 145, 48 L.Ed. 247 (1903).

[65] In such an instance, simply barring the plaintiff's monetary recovery of damages during the negligent delay may be considered.

[66] *See infra* p. 139.

The district court erred in denying the defense of laches. Although considerable deference is given to the trial judge's discretion on the question of laches,[67] here the material facts are not in dispute according to both the parties and the district court.[68]

B. The Affirmative Requirements

The requirements of laches are satisfied by the facts of this case. First, the Association delayed for almost thirteen years before resuming negotiations over the LDF's use of the NAACP initials. This length of time is comparable to that in other cases in which the laches doctrine has been applied.[69] While mere delay by itself does not bar injunctive relief, here there was substantial investment by the LDF during this considerable time lapse. Because the Association did not give clear notice of its exclusive claim to the NAACP initials during this hiatus, the Association failed to reserve its rights. Such delay invites reasonable reliance by strengthening the defendant's belief that its use of a trademark will not be challenged. The cases cited by the district court do not tolerate the length of the delay found here.[70]

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[67] *See, e.g., Baker Mfg. Co. v. Whitewater Mfg. Co.*, 430 F.2d 1008, 1009 (7th Cir. 1970), *cert. denied*, 401 U.S. 956, 91 S.Ct. 978, 28 L.Ed.2d 240 (1971) (while recognizing weight of district court's discretion, the appellate court reverses after review of detailed record).

[68] *See supra* notes 2 & 3.

[69] *See, e.g., Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820, 82 S.Ct. 36, 7 L.Ed2d 25 (1961) (eleven-year delay); *Seven-Up Co. v. O-So-Grape*, 283 F.2d 103, 105-06 (7th Cir. 1960), *cert. denied*, 365 U.S. 869, 81 S.Ct. 903, 5 L.Ed.2d 859 (1961) (thirteen-year delay).

[70] *See, e.g., Independent Nail & Packing Co. v. Stronghold Screw Prods., Inc.* 205 F.2d 921 (7th Cir.), *cert. denied*, 346 U.S. 886,

Second, it is undisputed that the Association had knowledge of the LDF's alleged infringement.[71] These two organizations knew each other intimately. In 1957, it was a mutual decision to separate and to allow the LDF to retain its NAACP initials. In the 1960's, the Association was also aware of the direct competition that was developing between the parties. The Association had ample opportunity to resort to a suit. In fact, the Association did threaten litigation, but withdrew its threat.[72]

Third, the Association's conduct gave the LDF reasonable justification to rely on the Association's inaction, and to invest resources based upon this reliance. We again emphasize that, while mere passage of time does not bar injunctive relief, here the defendant's use of the NAACP initials resulted from both the plaintiff's inaction *and* conduct that encouraged continued use of the trademark. The Association failed to reserve its rights during the twelve year period. Indeed, it had previously agreed to the LDF's independence without asserting an exclusive claim to the NAACP initials. The prejudice resulting from the reliance interest building during the years of delay in this case was substantial. The LDF continued to develop "[t]he universal

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74 S.Ct. 138, 98 L.Ed. 391 (1953) (two-day delay); *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F.Supp. 1183, 1192 (E.D.N.Y. 1972) (ten to fifteen months); *H.A. Friend and Co. v. Friend and Co.*, 276 F.Supp. 707, 716 (C.D.Cal.1967), *aff'd*, 416 F.2d 526 (9th Cir. 1969), *cert. denied*, 397 U.S. 914, 90 S.Ct. 916, 25 L.Ed.2d 94 (1970) (one and a half years).

[71] This is not a case where the plaintiff was ignorant of the alleged infringer's use of its trademark. *See Ancient Egyptian Arabic Order of Nobles of the Mystic Shrine v. Michaux*, 279 U.S. 737, 747, 49 S.Ct. 485, 488, 73 L.Ed. 931 (1929); R. CALLMAN, *supra* note 59, § 22.21, at 110.

[72] *See supra* p. 135.

esteem in which the [NAACP] initials are held."[73] The LDF invested substantial labor and millions of dollars in pressing important civil rights suits, soliciting gifts, and recruiting legal talent using the NAACP initials.[74] Because many organizations have names virtually identical to the LDF's except for the NAACP initials, it is only these initials that distinguish the LDF from its emulators.[75]

Courts have never imposed an affirmative obligation upon a defendant to clarify its right to use a disputed trademark during the plaintiff's delay.[76] The undisputed facts of this case point to the reasonableness of the LDF's reliance upon the Association's delay in enforcing its claims. The passing of almost thirteen years without any clear reservation of rights by the Association creates a presumption of reasonable reliance. The Association's conduct included affirmative acts of encouragement. Besides having agreed to the

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[73] 559 F.Supp. at 1345. So during this time, the Association benefitted from the added luster given to the NAACP initials by the LDF's litigation successes.

[74] *See supra* pp. 135-136.

[75] Despite acknowledging this evidence, the district court concluded that there was "no evidence" to support a finding of prejudice. The court felt that the LDF could recast its identity *sans* the initials. 559 F.Supp. at 1344. But prejudice is not the mechanical ability to change identities, but the loss of investment in labor and capital in reliance upon the plaintiff's inaction. Also there was substantial evidence on the record of the additional monetary costs of fund-raising if the LDF was unable to use the NAACP initials. *See* James Robinson Affidavit (Apr. 13, 1983), ¶¶ 5-8.

[76] The district court also concluded that because the LDF knew "that a reckoning could come at any time," it is forced to suffer the consequences of taking this risk. 559 F.Supp. at 1344. But the cases never have imputed this gambling as affecting the result. All the evidence indicates that the LDF acted in good faith and believed that it had a justifiable right to use the NAACP initials.

LDF's independence, the Association continued as a client of the LDF and did not protest the LDF's use of the initials despite the LDF's independent dealings with other clients. Finally, the LDF was aware that the Association had threatened to sue but did not.[77] The LDF's good-faith reliance was reasonably based upon both the Association's prolonged passivity and its affirmative acts.

C. The Absence of Negating Factors

The district court correctly indicated that courts tolerate delays if the parties are negotiating a settlement.[78] But the undisputed facts show that from 1966 through 1978 there were no negotiations. In the total absence of negotiations, delay "stemming from an abhorrence of time-consuming and costly litigation" does not preclude laches.[79]

Nor was there any evidence presented that suggested bad faith or conscious fraud by the LDF. Indeed, both parties have cooperated in exchanging donations attributed to the wrong organization. The LDF's disclaimer on its

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[77] *See supra* p. 135. For similar instances where laches is applied because a suit was threatened and followed by delay, see *Continental Coatings Corp. v. Metco, Inc.*, 464 F.2d 1375 (7th Cir. 1972); *Anheuser-Busch, Inc. v. Du Bois Brewing Co.*, 175 F.2d 370 (3d Cir. 1949). *See also* 4 R. CALLMAN, *supra* note 59, § 22.23, at 118; 2 H. NIMS, THE LAW OF UNFAIR COMPETITION AND TRADEMARKS § 409, at 1286-87 (1947). None of the cases or authorities distinguish whether the threat to sue is delivered through formal versus informal channels. The significant point is that a dropped threat of suit suggests that the defendant's reliance was reasonable. Communications between these two organizations largely relied on informal ties.

[78] 559 F.Supp at 1344.

[79] R. CALLMAN, *supra* note 59, § 22.23 at 119; *see also supra* note 59. The Association did sue a Rhode Island organization that had used the NAACP initials. 559 F.Supp. at 1341 n. 1.

stationery further indicates good faith efforts to reduce any possible public confusion over its use of the NAACP initials. In conclusion, there is an absence of factors that might counsel our hesitation in applying laches.

III. The Lack of Licensing Arrangements

The Association alleges that from 1966-78 the LDF possessed only a revocable license to use the NAACP initials. The Association bases this view upon a non-profit parent organization's right to revoke use of its name when an affiliate dissociates itself from the parent.[80] Our review of the case law reveals no separate rule for non-profit organizations.[81] The cases relied upon by the Association involve local chapters of national organizations whose right to use the parent's name was conditioned—in the organization's bylaws or charter—on the local's continued affiliation with the national organization.[82] The agreements between the Association and the LDF contained no such condition.

Even examined in the most favorable light, these cases do not establish that an affiliate's right to use the parent's

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[80] Appllee's Brief at 48.

[81] Given the heavy reliance by non-profits upon trademarks, *see supra* note 57, it would seem especially important that we encourage clear contractual arrangements regarding their use of trademarks.

[82] *See, e.g., United States Jaycees v. Philadelphia Jaycees,* 639 F.2d 134, 139-40 (3d Cir.1981); *United States Jaycees v. San Francisco Jr. Chamber of Commerce,* 354 F.Supp. 61, 71 (N.D. Cal. 1972), *aff'd,* 513 F.2d 1226 (9th Cir.1975); *see also* 513 F.2d at 1231 & n. 9 (Merrill, J., dissenting) (discussing *National Bd. of the Young Women's Christian Ass'n v. Young Women's Christian Ass'n of Charleston,* 335 F.Supp. 615 (D.S.C.1971); *Grand Lodge Improved Benevolent, Protective Order of Elks of the World v. Eureka Lodge No. 5, Independent Elks,* 114 F.2d 46, 48 (4th Cir.), *cert. denied,* 311 U.S. 709, 61 S.Ct. 319, 85 L.Ed. 461 (1940)).

name ceases anytime the parent chooses. Rather, they establish that the affiliate's right expires *when the affiliation ceases.* The parent organization therefore must assert its exclusive claim to the trademark when disaffiliation occurs. Here the affiliation between the Association and the LDF ceased in 1957. Nevertheless, there was mutual agreement to the LDF's continued use of the NAACP initials as an independent organization.

A revocable license cannot be contrived from the record. Such trademark licensing requires (1) explicit contractual arrangements indicating revocability;[83] and (2) supervision and controls by the licensor over the licensee.[84] Indeed, there was no contract between the parties which contained the words "revocable license," much less any exchange of consideration for this alleged license. The record before us is clear and there was no mutual agreement to a revocable licensing arrangement.[85]

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[83] There were no provisions which indicated (1) that this alleged license was revocable at will, or (2) under what conditions the license would be revoked. We can find no cases in which a revocable trademark license was imputed when there was a twelve-year delay while the defendant was developing a significant reliance interest during this time. In fact, in the absence of qualifying language upon a license, the right to use the license may be deemed perpetual. *See Kidd v. Johnson*, 100 U.S. (10 Otto) 617, 619, 25 L.Ed. 769 (1879); *see also Croton Watch Co. v. Laughlin*, 208 F.2d 93, 96 (2d Cir.1953); *Coca-Cola Bottling Co. v. Coca-Cola Co.*, 269 F. 796, 807-08, 811 (D.Del.1920).

[84] Here there was neither *contractual* control nor *actual* control by the Association over the LDF's work with other clients from 1957-58. *See Reddy Communications, Inc. v. Environmental Action Foundation*, 477 F. Supp. 936, 944 (D.D.C.1979).

[85] Nor did the 1939 resolution result in a revocable licensing arrangement. The Association's resolution did "grant permission for the use of the initials." *See supra* note 12. No mention was made of a revocable license; no words indicated the conditions that would cause revocation of the grant. To the contrary, the

IV. Conclusion

The National Association for the Advancement of Colored People and the NAACP Legal Defense and Education Fund, Inc. share common ideals and a distinguished common heritage. History suggests that they were jointly responsible for the revolution in civil rights that led to and has been epitomized by the Supreme Court's decision in *Brown v. Board of Education.*[86] The passage of time coupled with the reliance between the parties leads this court to conclude that laches bars the injunctive relief sought by the Association. These two great organizations, like brilliant but quarreling family members, must continue to share the NAACP initials with which they were born. The judgment is reversed. The case is remanded to the district court with directions that the suit be dismissed.

So ordered.

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record shows that the Association did not intend to condition the grant in this manner. Zand Affidavit, *supra* note 11, ¶¶ 4, 5.

Although we need not decide whether the 1957 agreement constituted an irrevocable license, certainly the record does not support the finding that a revocable license was granted. The parties mutually agreed to the LDF's independence and continued use of the NAACP initials. The Association's right as a parent organization to deny an affiliate's use of its name was ripe for determination at that time. It does not seem reasonable to impute retroactively a revocable license during the twelve-year time span in which the LDF was expending resources in reliance upon the Association's inaction.

[86] 347 U.S. 483, 74 S.Ct. 686, 98 L.Ed. 873 (1954).

APPENDIX B

UNITED STATES DISTRICT COURT,
DISTRICT OF COLUMBIA.

Civ. A. No. 82-1424.

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE, Plaintiff,

v.

N.A.A.C.P. LEGAL DEFENSE AND EDUCATIONAL FUND, INC., Defendant.

March 28, 1983.

National Association for the Advancement of Colored People brought an action seeking to enjoin NAACP Legal Defense and Education Fund from the use of the registered mark "NAACP." On cross motions for summary judgment, the District Court, Jackson, J., held that: (1) plaintiff's grant of permission to defendant for the use of the initials was intended as a revocable license to use, and not an irrevocable assignment of, the disputed initials; (2) plaintiff did not lose exclusive control of its initials by acquiescence or laches; and (3) plaintiff was entitled to an injunction preventing defendant from further use of its initials, since to permit defendant to go its own way while retaining the initials was likely to result in further public confusion.

Ordered accordingly.

Edward W. Brooke, Barry J. Cutler, O'Connor & Hannan, Washington, D.C., Thomas I. Atkins, Gen. Counsel, NAACP, Brooklyn, N.Y., for plaintiff.

Jay Topkis, Kenneth Roth, Paul, Weiss, Rifkind, Wharton & Garrison, New York City, Vernon E. Jordan, Jr., Daniel Joseph, Akin, Gump, Strauss, Hauer & Feld, Washington, D.C., Barrington D. Parker, Jr., Charles S. Barquist, Parker, Ausprita, Neesemann & Delehanty P.C., New York City, for defendant.

DECISION AND ORDER

JACKSON, District Judge.

In the prosaic context of this trademark action two of the nation's preeminent civil rights organizations contend for the right to use the common distinguishing initials by which both are known and to which each can fairly claim to have added luster. Joined by purpose as well as name for most of this century, the National Association for the Advancement of Colored People ("NAACP") and the N.A.A.C.P. Legal Defense and Education Fund, Inc. ("LDF") are parting company. Over the years in which they labored together, however, they have taught four generations of Americans that civics and civility are cognate virtues as well as words, qualities no less in evidence now as they confront each other for the first time as adversaries.

NAACP alleges that it has used those initials as its mark since "at least 1910;" that beginning in 1939 it permitted the LDF, then a newly incorporated subsidiary, to use them; and that, the LDF being now independent, its continued use of them infringes the mark to the confusion of the public, and represents unfair competition, in violation of Sections 32 and 43 of the Trademark Act of 1946, 15 U.S.C. §§ 1114 and 1125. It prays that the LDF be permanently enjoined from the use henceforth of the initials "NAACP."

Acknowledging plaintiff's prior claim to the mark, the LDF answers that the NAACP irrevocably granted it the right to use of the initials in perpetuity, unconditionally

and without reverter, and that the NAACP's acquiescence in or indifference to its continued use of them for nearly 20 years since its first objection works an estoppel to object now. The LDF counterclaims for a judgment declaratory of its own absolute right to joint or concurrent use of the initials with plaintiff hereafter.

The case is now before the Court on the parties' cross-motions for summary judgment. They are agreed that the passage of time has rendered further illumination of the facts (upon which their differences are principally semantic) both unlikely and unnecessary. The documentary evidence now before the Court and parties' statements of the case establishes sufficient material facts, hereinafter set forth, to be undisputed, from which the Court concludes that judgment must be given for plaintiff.

I.

The plaintiff National Association for the Advancement of Colored People was founded in 1909 and incorporated in New York in 1911,

> to promote equality of rights and eradicate caste or race prejudice among the citizens of the United States; to advance the interests of colored citizens; to secure for them impartial suffrage; and to increase their opportunities for securing justice in the courts, education for their children, employment according to their ability, and complete equality before the law.

And so it has done to this day, becoming a national organization grown to some 400,000 members who belong to about 1700 branches in 36 conferences located in seven regions throughout the United States.

The NAACP has traditionally sought to achieve its objectives by a calculated blend of education, lobbying, and litigation. In the early years litigation was undertaken

largely *ad hoc;* legal services were generally donated by volunteers, and such expenses as there were paid from the NAACP's general funds or defrayed by contributions obtained for a particular cause. By the 1930's, however, certain of the NAACP's distinguished scholar-advocates foresaw the potential of litigation as the most effective vehicle for rapid progress and set in motion the programs culminating in the cases which constitute so much of the history of the civil rights movement of the 20th century. For such cases, however, they realized that the impromptu financing of the past would not suffice and sought a way to assure that cases would be adequately underwritten before being undertaken. The dilemma they encountered—now familiar to non-profit public interest groups but less so then—was the reluctance of contributors to support organizations, however deserving, with non-deductible gifts and the unwillingness of the Internal Revenue Service (then the Bureau of Internal Revenue) to allow tax deductions for gifts to organizations engaged in political activity. The solution they arrived at was the LDF.

Thirty years after its own founding, the NAACP created the defendant "N.A.A.C.P. Legal Defense and Educational Fund, Inc.," as a New York non-profit corporation, with respect to which the NAACP Board of Directors resolved, on October 9, 1939, as follows:

> WHEREAS, [the directors of the LDF] have requested permission of the [NAACP] to use the initials, "N.A.A.C.P.", in an application for a Certificate of Incorporation of the "N.A.A.C.P. Legal Defense and Educational Fund, Inc."; therefore,
>
> BE IT RESOLVED, That the Board of Directors of the National Association for the Advancement of Colored People grant permission for the use of the initials, "N.A.A.C.P." by the "N.A.A.C.P. Legal Defense and Educational Fund, Inc.", and authorize the

President and Secretary to execute whatever papers might be necessary to carry out this resolution.

In 1940 the LDF's certificate of incorporation was approved by the State of New York, and the Internal Revenue Service confirmed the new corporation's tax-exempt status. The creation of a separate organization to conduct the NAACP's legal work had enabled contributors wishing to support its non-political activities to receive deductions for their donations.

Thereafter the LDF and the NAACP (sometimes affectionately called the "Inc. Fund" and the "Association" to distinguish them in-house) kept separate books of account but still shared directors, offices and staff with one another. In the beginning there was considerable cooperation and coordination between the two organizations on matters of both operations and policy. Donations to one or the other were allocated according to their stated purpose without regard to the identity of the nominal payee, and the organizations frequently issued "exchange checks" to cure apparent mistakes in designation. The Executive Committee of the LDF Board of Directors often sought the approval of the board of the NAACP before it litigated questionable cases. And the LDF routinely handled general legal matters for the NAACP.

Although the organizations were physically separated in 1952 when the expansion of the LDF legal staff forced a move to new quarters a few blocks away, they experienced little distance of any other kind until May, 1957, when the LDF Board resolved to end the practice of interlocking directorates. The resolution did not result from any philosophical divergence but, rather, was adopted primarily as a countermeasure to "massive resistance" to their efforts to enforce compliance with *Brown v. Board of Education* (and secondarily to dispel growing IRS' unease at treating such close relatives as separate entities for tax purposes). State Attorneys General in several southern states were

indiscriminately ordering the production of financial records and membership lists of both groups in quest of evidence of non-compliance with state law—any state law—to discredit or disable either or both. This technical separation for tactical purposes produced some confusion, primarily among those who had thought of them as, in essence, a single organization. But even after their formal separation the NAACP and the LDF remained largely able to coordinate efforts and avert conflicts, particularly in the sensitive area of fund-raising.

One of the NAACP's prominent leaders believed that a potential for disharmony had always existed in their structural differences. The NAACP is, and has always been, a membership corporation; the LDF has no members as such, its Board of Directors having only to account to itself. Whatever their origins, by 1960 tensions between the two had begun to emerge, and the first of several liaison committees was established to discuss jurisdictional issues and relations. In early 1962 the liaison committee presented a joint statement to the directors of both organizations suggesting means of and urging accommodation. Although tax considerations continued to preclude the NAACP's direct and formal control of the LDF, the directors of both boards were agreed that the whole of the LDF's resources could be devoted to NAACP legal programs without endangering the LDF's tax-exempt status.

Despite the sentiment for reconciliation, however, conflicts increased, primarily as to fund-raising, and in July, 1965, the NAACP Board passed a resolution calling upon the LDF to curb its autonomic impulses and revert to "special contribution fund status" or reincorporate under a name which would not include the initials "NAACP." As originally drawn the resolution provided that were the LDF to refuse to do either, the NAACP should sue "to enjoin them from use of the name NAACP," but in September 1965, at the urging of an elder statesman, the threat-

ening language was stricken from the resolution as "impolitic."

In 1966 and 1967 the groups again attempted rapprochement, but relations now faltered over which was entitled to take major credit for the recent dramatic successes of the civil rights movement, and the NAACP was growing ever more concerned about its ability to compete for funds with its aggressive *and* tax-exempt cohort now concurrently approaching many of the same sources. The 1960's was, of course, a decade of momentous events in civil rights history: the March on Washington in 1963, followed by the assassination of President Kennedy, the enactment of the Civil Rights and Voting Rights Acts of 1964 and 1965 under President Johnson, racial riots across the country, and the well-publicized murders of prominent black figures. Both organizations, preoccupied with such events, were distracted from efforts to repair their alliance.

In the 1970's the persistent (but usually ameliorable) problem of contributors' confusion of the NAACP and the LDF [1] was exacerbated by controversy as to which organization was entitled to a principal share of the acclaim (and could exult the most) on the occasion of the 20th anniversary of the *Brown* decision. And as the dispute festered the NAACP leaders who had been present at the creation of the LDF, and had tempered relations between them for a quarter century, died, retired, or (in one case) accepted appointment to the Supreme Court.

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[1] Even sophisticated contributors who might have been expected to know better made similar mistakes in trying to make contributions to one or the other, and the press would occasionally garble their titles. In cases not involving the LDF, the NAACP moved swiftly to eliminate confusion, as when it successfully sued to enjoin the unauthorized use of its initials by an unrelated organization incorporated under the name of "Rhode Island Chapter NAACP, Inc."

Nevertheless the NAACP remained reluctant to provoke the final break with the LDF and endured the situation in silence (except for sporadic internal expressions of discontent in April, 1975, and again in January, 1978, when the NAACP Board again took up the LDF's use of the NAACP initials).

Then in December, 1978, the NAACP again notified the LDF of its concern about the confusion between the two groups "which results from the continued use of the NAACP initials in the Legal Defense and Educational Fund's name." Although the LDF immediately reiterated its willingness to discuss relations between the two, it still decined to change its name. Yet another liaison committee negotiated through early 1979, but in June the LDF once more refused either to resubordinate itself or to relinquish use of the initials. At the end of that month the 70th Annual Convention of the NAACP voted to call upon its Board to "withdraw and revoke permission previously granted" the LDF to use the initials. The Board did so on June 28th, voting to rescind the resolution of October 9, 1939, and revoke the permission therein granted. Formal notice of the Board's action was sent to the LDF within the week, demanding that it "cease and desist" in its use of the coveted initials. The LDF rejected the ulitmatum, ironically, on October 9, 1979, the 40th anniversary of the fateful original authorization. For practical purposes the conciliatory process had ended, notwithstanding desultory efforts on the part of both to revive it, and on January 26, 1982, the NAACP signalled its disillusion by formally registering the initials with the Patent and Trademark Office. Its complaint herein was filed the following May 25th.

II.

Injunctive relief is appropriate in trademark cases when use of the distinguishing mark "is likely to cause confusion or . . . mistake, or to deceive. . . ." The parties need

not be true competitors; the inquiry is, simply, whether the public "... is likely to believe that [the alleged infringer's] services come from the same source, or are affiliated with the trademark owner." *Foxtrap, Inc. v. Foxtrap, Inc.*, 671 F.2d 636, 639 (D.C.Cir.1982). Nor is the right to enjoin an infringement limited to commercial enterprise. It is as available to public service organizations as to merchants and manufacturers, *United States Jaycees v. Philadelphia Jaycees*, 490 F.Supp. 688 (E.D. Pa.1980), *vacated and remanded on other grounds*, 639 F.2d 134 (3d Cir.1981); *United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F.Supp. 61, 71 (N.D.Cal.1972), *aff'd*, 513 F.2d 1226 (9th Cir. 1975), but it may also be lost to them by the same defenses, including acquiescence and laches. *Ancient Egyptian Arabic Order of Nobles of the Mystic Shrine v. Michaux*, 279 U.S. 737, 49 S.Ct. 485, 73 L.Ed. 931 (1929); *Creswell v. Grand Lodge Knights of Pythias of Ga.*, 225 U.S. 246, 32 S.Ct. 822, 56 L.Ed. 1074 (1912). One who uses another's mark and alleges laches or acquiescence amounting to estoppel assumes the burden of showing not only inexcusable delay but also the injustice of stopping him. *Ralston Purina Co. v. Midwest Cordage Co.*, 373 F.2d 1015, 1018 (C.C.P.A.1967). And at the last injunctions remain always equitable remedies, to be issued when it would be equitable to do so although an award of money may be unjust. *McLean v. Fleming*, 96 U.S. 245, 253, 24 L.Ed. 828 (1877).

> Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long and under such circumstances as to defeat the right itself. . . . Where consent by the owner to the use of his trademark by another is to be inferred from his knowledge and silence merely, 'it lasts no longer than the silence from which it springs; it is, in reality, no more than a revocable license.' (citations omitted) *Menendez v. Holt*, 128 U.S. 514, 523-24, 9 S.Ct. 143, 144-145, 32 L.Ed. 526 (1888).

The Source of Authorization

The parties begin with alternative characterizations of plaintiff's "grant" to defendant of an interest of some description in the initials NAACP. Plaintiff, quoting its 1939 resolution, argues that the words "grant permission for the use of initials" conveyed to defendant no more than a revocable license based on a particular relationship, and when the relationship ended, plaintiff was entitled to rescind the license. The NAACP says that the relationship was one of parent and affiliate, and the general rule is that when an affiliate disengages itself from its parent, it relinquishes any right to use the parent's name, no matter the language by which the parental name was acquired, *United States Jaycees v. Philadelphia Jaycees,* 639 F.2d 134 (3d Cir.1981); *United States Jaycees v. San Francisco Junior Chamber of Commerce,* 354 F.Supp. 61 *Int'l Union U.M.W. v. District 50, U.M.W.,* 298 F.Supp. 1262 (D.D.C.1969), *vacated in part as moot,* 435 F.2d 421 (D.C.Cir.1970), *cert. denied,* 402 U.S. 906, 91 S.Ct. 1372, 28 L.Ed.2d 645 (1971), even to show only that it was formerly affiliated with the parent organization. *Grand Lodge Improved, Benevolent and Protective Order of Elks of the World v. Eureka Lodge No. 5, Indep. Elks,* 114 F.2d 46 (4th Cir.), *cert. denied,* 311 U.S. 709, 61 S.Ct. 319, 85 L.Ed. 461 (1940).

Defendant says that the resolution bestowed upon it an unconditional property right in the initials in perpetuity. Citing *Coca-Cola Bottling Co. v. Coca-Cola Co.,* 269 F. 796 (D.Del.1920), the LDF argues that the word "grant" has always connoted, in the absence of "words of limitation," the conveyance of an "absolute and unlimited right. . . ," *Id.* at 810-11, making the 1939 resolution one of irrevocable assignment. The case on which defendant relies, however, arose in a commercial context and involved interpretation of the word "grant" as employed in the construction of a series of contracts. The court concluded that the documents and the parties' conduct considered as a whole indi-

cated an intent to allow an indeterminable use of the trademark "Coca-Cola," and that, to give it any other meaning would inevitably result in the demise of the business the parties had sought to establish by contract in the first place.

Insofar as the case law is concerned, the relationship between plaintiff and defendant appears to be *sui generis*. It has characteristics of both the parent-affiliate and, as the LDF points out, even the parent-child relationship.[2] (And never, the LDF argues, borrowing from the idiom of family law, has any court gone so far as to deny even the most unruly offspring its birthright to the patronym). It least resembles, however, the commercial transactions in which the case law is most favorable to the LDF.

The Court concludes that it is unnecessary to assign the relationship a category to determine the effect to be given to the 1939 resolution, however, for it is possible to discern, from both the language and circumstances of the resolution alone, an intent to confer upon the LDF less than a right to use the initials in perpetuity. First, the resolution is found in the minutes of a board of directors' meeting, a document whose primary function is to record the proceedings of the governing body of the organization and not to constitute the definitive expression of the action being authorized. Second, the resolution also authorizes the execution of "whatever papers" might be necessary to carry it out, clearly contemplating that further papers might be needed to give effect to an idea the resolution merely set in motion; thus, the use of the word "grant" cannot be presumed to have had the same precise meaning for the secretary who took the resolution down as it would for the draftsman of, for example, a conveyance of land. Third, the resolution grants *permission*—not the

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[2] It could also be said to have aspects of the attorney-client relation in which the former is indisputably the servant at sufferance of the latter.

right—to use the initials, a usage which in common parlance implies something of lesser order of finality and which can ordinarily be withdrawn. Finally, and perhaps most importantly, those members of the NAACP's Board who undertook in October of 1939 to procreate the LDF saw themselves as engaged primarily in lawful tax avoidance. Had they envisioned the LDF in years hence as a potential competitor for contributions, not to mention acclaim, they would have been less generous with their symbol to which so much meaning had already been given.

The Court concludes that, irrespective of the characterization to be given the parties' relationship, the 1939 resolution was intended as a revocable license to use, and not an irrevocable assignment of, the disputed initials.

Acquiescence and Laches

Defendant LDF submits that the NAACP's inordinate delay in commencing this action, during which time the LDF has continued its use of the initials while consistently maintaining its right to do so, operates to estop plaintiff now. Estoppel, however, entails both a misleading affirmative showing on the part of the party to be estopped coupled with a detrimental change of position in reliance thereon by the one seeking to take advantage of the doctrine. And laches, that species of estoppel which specfiically involves the elapse of time alone, requires prejudice as a predicate to its being successfully invoked. *See* 3 Callman, *The Law of Unfair Competition, Trademarks and Monopolies,* § 79.1 at 515 (3d Ed.1969).

This record simply does not support a finding that the NAACP, aside from forbearance, said or did anything to mislead the LDF as to its willingness to let the *status quo* remain undisturbed forever. Since 1965 the LDF has been intransigent to to NAACP's repeated, if intermittent, overtures to it to persuade it to drop the initials, and yet the NAACP never capitulated on the point. (Indeed, the LDF

has, since the mid-1960's, anticipated the possibility that it might eventually have to disassociate itself altogether from plaintiff by including a disclaimer of any present relationship on its stationery). Given the ancestry of their relationship, the NAACP's inaction is less consistent with acquiescence freely accorded than with a reluctance to antagonize a onetime ally or to abort hopes of an eventual reconciliation by anything so divisive as a lawsuit.

While it occasionally bars an award of damages, laches is rarely found a sufficient bar to an injunction in trademark actions. *See Menendez v. Holt,* 128 U.S. 514, 9 S.Ct. 143, 32 L.Ed. 526 (1888); *McLean v. Fleming,* 96 U.S. 245, 24 L.Ed. 828 (1877); *Indep. Nail & Packing Co. v. Stronghold Screw Products, Inc.,* 205 F.2d 921 (7th Cir.), *cert. denied,* 346 U.S. 886, 74 S.Ct. 138, 98 L.Ed. 391 (1953). Courts frequently tolerate long delays in bringing such suits, *see e.g. Indep. Nail & Packing Co.,* 205 F.2d at 927; *James Burrough, Ltd. v. Sign of Beefeater, Inc.,* 572 F.2d 574 (7th Cir.1978), particularly if, as here, the parties are negotiating a settlement, *Coca-Cola Co. v. Gemini Rising, Inc.,* 346 F.Supp. 1183, 1192 (E.D.N.Y.1972); *Blaw-Knox Co. v. Siegerist,* 300 F.Supp. 507, 157 U.S.P.Q. 36, 41-42 (E.D.Mo.1968) or are related. *H.A. Friend & Co., Inc. v. Friend & Co.,* 276 F.Supp. 707, 716 (C.D.Cal.1967), *aff'd* 416 F.2d 526 (9th Cir.1969), *cert. denied,* 397 U.S. 914, 90 S.Ct. 916, 25 L.Ed.2d 94 (1970). There is, moreover, no evidence to support a finding that the LDF has been prejudiced by the passage of time in its ability to recast its public identity in a form *sans* the initials. It has known for years that a reckoning could come at any time and elected to take its chance that the NAACP would not, even as a last and only resort, force the issue to the point of litigation.

The Court concludes that plaintiff has not lost exclusive control of its initials by acquiescence or laches.

Confusion

The one issue the LDF is unwilling to concede as being presented upon altogether undisputed facts is the extent of public confusion of the two organizations. Such instances of confusion as the record may show, it argues, are isolated or explainable on other grounds, and, most importantly, have been routinely corrected voluntarily by the parties out of mutual respect. The Court disagrees. The significant number of documented instances of confusion submitted by plaintiff, often on the part of those who might be expected to know better, raises the inference that they have been repeated manyfold over the years in circumstances in which documentation of them has been lost or, more likely still, they were never documented at all.

Moreover, the standard for injunctive relief in trademark cases is not actual confusion in the past but the potential for confusion in the future, 15 U.S.C., § 1114(1), and evidence of past confusion is not only unnecessary to plaintiff's burden of proof, to the extent it is shown at all it is probative of the likelihood of its occurring again if the circumstances giving rise to it are not altered. *See Foxtrap, Inc. v. Foxtrap, Inc.*, 671 F.2d 636, 639-40 (D.C.Cir. 1982).

Many public interest groups, in ironic emulation of the structure so successfully employed by plaintiff and defendant in the past, use "legal defense funds" endowed with the parent organization's name to conduct their litigation. People assume that relations between two such entities bearing virtually identical names and committed to the same goals are, at least, symbiotic; to the public, separate treasuries and internecine jealousies are matters of indifference.

The Court finds that to permit the LDF to go its own way while retaining the NAACP initials is likely to result in further public confusion, absent injunctive relief, and

defendant has submitted no evidence—as distinguished from argument—to suggest to the contrary.

The Remedy

It has been said that the essence of unfair competition in a common law trademark context is the misappropriation of the labors and expenditures of another, *Saratoga Vichy Spring Co., Inc. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir.1980), and that in an infringement proceeding looking to an injunction in which the basis of the defense is the passage of time, as with any principle of equity jurisprudence, the equities must be balanced. *Id.*, at 1040.

The LDF says, with justification, that there has been no misappropriation. The universal esteem in which the initials are held is due in significant measure to its distinguished record as a civil rights litigator.[3] The LDF predicts that its ability to attract skilled advocates to continue the tradition will suffer if it must abandon the name in which its reputation was won. The NAACP responds that the LDF is, in essence, a "law firm" (once *its* law firm) and that the names of law firms can and do change, while nevertheless retaining their reputations for good or ill among those who know about such things. And the NAACP proclaims its own investment in the name, over a considerably longer period and, on more than a few tragic occasions, in more than time and money.

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[3] *See, e.g., NAACP v. Button*, 371 U.S. 415, 421-22, 83 S.Ct. 328, 331-332, 9 L.Ed.2d 405 (1963); *Bernard v. Gulf Oil Co.*, 619 F.2d 459, 470 (5th Cir.1980) (en banc), *aff'd*, 452 U.S. 89, 101 S.Ct. 2193, 68 L.Ed.2d 693 (1981); *Northcross v. Board of Educ.*, 611 F.2d 624, 637 (6th Cir.1979), *cert. denied*, 447 U.S. 911, 100 S.Ct. 2999, 64 L.Ed.2d 862 (1980); *NAACP Legal Defense and Educational Fund, Inc. v. Campbell*, 504 F.Supp. 1365, 1368 (D. D.C.1981).

But the NAACP ultimately has a far greater stake in the outcome here. The LDF has heretofore borne the initials they share worthily, and in a common cause; its independence is now, however, a *fait accompli,* and there is no assurance it will continue to do so hereafter. If the NAACP should lose exclusive control of its mark, which it originated and imbued with meaning for 30 years before the LDF came into being, its identity will forever be linked to the LDF for so long as the LDF chooses to allow it to be so, without, however, the ability to affect the vicarious image it will thus acquire. The LDF, on the other hand, remains, as it has always been, at liberty to dissolve the appearance of a connection between them at will.

The Court concludes, therefore, that the balance of equity lies clearly in plaintiff's favor, and it is, for the foregoing reasons, this 28th day of March, 1983,

ORDERED, that plaintiff's motion for summary judgment is granted and defendant's motion for summary judgment is denied, and an injunction will issue ordering defendant to take appropriate action to amend its corporate charter, to cease and desist from the use of the initials "NAACP" in its name, publications, publicity, solicitations and public representations, and to refrain from the use of any name, service mark, logo, or initials confusingly similar to plaintiff's upon such terms and conditions as may be hereafter determined to be just; and it is

FURTHER ORDERED, that the parties shall submit proposed forms of injunction in accordance with the above, within ten (10) days of the date of this Order, to be thereafter settled upon notice for hearing if necessary.

APPENDIX C

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

Civil Action No. 82-1424

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE, *Plaintiff*,

v.

N.A.A.C.P. LEGAL DEFENSE AND EDUCATIONAL FUND, INC., *Defendant.*

[Filed Jun 6 1983 Clerk, U.S. District Court District of Columbia]

ORDER

Upon consideration of defendant's motion for reconsideration of the Decision and Order of March 28, 1983, plaintiff's opposition thereto, and the oral argument of counsel thereon, it appearing to the Court that the additional facts shown by defendant's supplemental affidavits in support of said motion would not alter the inferences drawn by the Court from those undisputed facts previously made of record herein even if deemed to be true, or the conclusions of law made thereon, it is, this 6th day of June, 1983,

ORDERED, that the motion for reconsideration is denied; and it is

FURTHER ORDERED, that final judgment be entered for plaintiff in accordance with Decision and Order of March 28, 1983.

/s/ THOMAS PENFIELD JACKSON
Thomas Penfield Jackson
U.S. District Judge

APPENDIX D

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 82-1424

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE, *Plaintiff*,

v.

N.A.A.C.P. LEGAL DEFENSE AND EDUCATIONAL FUND, INC., *Defendant.*

[Filed Jun 6 1983 Clerk, U.S. District Court
District of Columbia]

JUDGMENT

For the reasons set forth in the Court's Decision and Order of March 28, 1983, herein, in accordance with Fed. R. Civ. P. 58, it is, this 6th day of June, 1983,

ORDERED, that on a date not more than six (6) months from the later of the date of this Judgment or the conclusion of appellate proceedings herein, if any, defendant N.A.A.C.P. Legal Defense and Educational Fund, Inc., its officers, directors, employees and agents, and all others in active concert or participation with them, shall cease and desist from using the initials "NAACP" in defendant's name, publications, publicity, solicitations and other public representations; shall cause its certificate of incorporation, by-laws, and all other corporate documents to be amended to eliminate the use of or reference to the initials "NAACP" in any name or title by which it shall determine to be known; and shall refrain from the use of any name, service mark, logo or initials confusingly similar to those of the plaintiff NAACP; and it is

FURTHER ORDERED, that notwithstanding any other provision of this Judgment, defendant shall retain the right to identify itself as "formerly N.A.A.C.P. Legal Defense Fund, Inc." (or "formerly N.A.A.C.P. Legal Defense and Educational Fund Inc.") for a period of two (2) years from the date aforesaid.

/s/ THOMAS PENFIELD JACKSON
Thomas Penfield Jackson
U.S. District Judge

APPENDIX E

UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

September Term, 1984

Civil Action No. 82-01424

No. 83-1719

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE, AKA NAACP

v.

N.A.A.C.P. LEGAL DEFENSE & EDUCATIONAL FUND, INC.,
Appellant

Appeal from the United States District Court for the District of Columbia.

Before: MIKVA and BORK, Circuit Judges, and BAZELON, Senior Circuit Judge.

[United States Court of Appeals for the District of Columbia Circuit Filed Jan 25 1985 George A. Fisher Clerk]

JUDGMENT

This cause came on to be heard on the record on appeal from the United States District Court for the District of Columbia, and was argued by counsel.

On consideration thereof It is ordered and adjudged by this Court that the judgment of the District Court appealed

from in this cause is hereby reversed and this case is remanded with directions that the suit be dismissed, all in accordance with the Opinion for the Court filed herein this date.

Per Curiam
For The Court
/s/ GEORGE A. FISHER
George A. Fisher
Clerk

Date: January 25, 1985

Opinion for the Court filed by Senior Circuit Judge Bazelon.

APPENDIX F

RELEVANT STATUTORY PROVISIONS

15 U.S.C. § 1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant—

> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
>
> (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

(2) Notwithstanding any other provision of this chapter, the remedies given to the owner of the right infringed shall be limited as follows: (a) Where an infringer is engaged solely in the business of printing the mark for others and establishes that he was an innocent infringer

the owner of the right infringed shall be entitled as against such infringer only to an injunction against future printing; (b) where the infringement complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical the remedies of the owner of the right infringed as against the publisher or distributor of such newspaper, magazine, or other similar periodical shall be confined to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodical: *Provided,* That these limitations shall apply only to innocent infringers; (c) injunction relief shall not be available to the owner of the right infringed in respect of an issue of a newspaper, magazine, or other similar periodical containing infringing matter when restraining the dissemination of such infringing matter in any particular issue of such periodical would delay the delivery of such issue after the regular time therefor, and such delay would be due to the method by which publication and distribution of such periodical is customarily conducted in accordance with sound business practice, and not to any method or device adopted for the evasion of this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter. July 5, 1946, c. 540, Title VI, § 32, 60 Stat. 437; Oct. 9, 1962, Pub.L. 87-772, § 17, 76 Stat. 773.

* * * * * * * * *

15 U.S.C. § 1121. Jurisdiction of Federal courts

The district and territorial courts of the United States shall have original jurisdiction and the courts of appeal of the United States shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

(July 5, 1946, c. 540, Title VI, § 39, 60 Stat. 440; June 25, 1948, c. 646, §§ 1, 32(a), 62 Stat. 870, 991; May 24, 1949, c. 139, § 127, 63 Stat. 107.)

No. 84-1678

FILED
MAY 23 1985
ALEXANDER L. STEVAS
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE,
Petitioner,

v.

N.A.A.C.P. LEGAL DEFENSE AND EDUCATIONAL FUND, INC.,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

MEMORANDUM OPPOSING CERTIORARI

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BEST AVAILABLE COPY

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N.A.A.C.P. LEGAL DEFENSE AND EDUCATIONAL FUND, INC.,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

MEMORANDUM OPPOSING CERTIORARI

1. The United States Court of Appeals for the District of Columbia Circuit based its holding in this case upon well-established principles of trademark law. Neither the holding nor the rationale of that court's opinion is in conflict with the law applied by other circuit courts or this Court.

2. Although the parties to this action are two well-known civil rights organizations, this is nothing more and nothing less than a meat-and-potatoes trademark action. It raises no important question of federal law and, as all trademark cases, its resolution turns on the application of straightforward legal principles to the peculiar fact pattern which gave rise to the dispute.

3. The lynch-pin of petitioner's argument here — as it was before the two lower courts — is that the petitioner never gave respondent more than a revocable license to use the initials "N.A.A.C.P." On the undisputed facts, the Court of Appeals ruled that the grant was *not* revocable and that, in any event, petitioner's thirteen-year silence following its threat of legal action constituted laches barring the injunctive relief here sought. Nor, as petitioner argues, is the circuit court's holding on laches in conflict with *Menendez* v. *Holt,* 128 U.S. 514 (1888). For in *Menendez,* as the circuit court noted, this Court recognized the significance of a defendant's reliance interest in considering the issue of laches. *Id.* at 524. *See National Association for the Advancement of Colored People* v. *N.A.A.C.P. Legal Defense and Educational Fund, Inc.,* 753 F.2d 131, 137 n. 4 (D.C. Cir. 1985).

These fact-bound issues do not warrant this Court's time. And we might echo the court of appeals in noting that the organizations themselves have better things to do than to continue this litigation.

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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May 23, 1985